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No. 85-1579

IN THE

Supreme Court of the United States

OCTOBER TERM, 1985

ROBERT BOGGILD AND WILLIAM L. DALE,
Petitioners,

v.

KENNER PRODUCTS, A DIVISION OF
CPG PRODUCTS CORPORATION
Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit

MOTION FOR LEAVE TO FILE AND BRIEF OF AMICUS CURIAE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

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MOTION FOR LEAVE TO FILE AN

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The American Intellectual Property Law Association (AIPLA) moves this Court

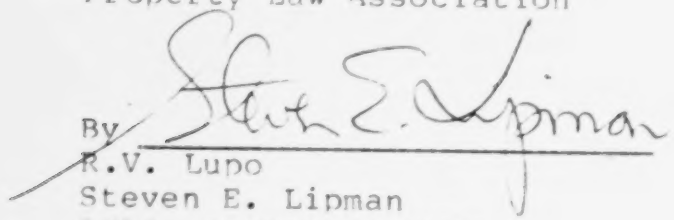
for leave to file the enclosed Brief as an Amicus Curiae in support of the request that a Writ of Certiorari be issued to review the decision and judgment of the United States Court of Appeals for the Sixth Circuit entered on November 13, 1985 and reported at 776 F.2d 1315. The AIPLA has obtained the written consent of the petitioners to file the enclosed Brief. Respondent has not given its written consent to the filing of the enclosed Brief, however, has indicated that it will not oppose the petition.

The current petition seeks review of an important area of intellectual property law which is now in a state of confusion and the AIPLA believes it

important that it present to the Court its views on the issue.

Respectfully submitted,

American Intellectual
Property Law Association

By 
R.V. Lupo
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Its Attorneys

Dated: April 21, 1986

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BRIEF OF AMICUS CURIAE

AMERICAN INTELLECTUAL PROPERTY

LAW ASSOCIATION

ON

PETITION FOR A WRIT OF CERTIORARI TO

THE UNITED STATES COURT OF APPEALS

FOR THE SIXTH CIRCUIT

This Brief is submitted on behalf of the American Intellectual Property Law Association ("AIPLA"), as Amicus Curiae, to request that a Writ of Certiorari be issued[1/] to review the decision and judgment of the United States Court of Appeals for the Sixth Circuit entered on November 13, 1985, which reversed the decision of the United States District Court for the Southern District of Ohio, Western Division, granting summary judgment in favor of Petitioners.

1/ A "Motion For Leave to File A Brief Amicus Curiae" precedes this Brief in accordance with Rule 36.1 of this Court.

I. INTEREST OF AMICUS CURIAE

The AIPLA is a voluntary bar association of more than 5,200 attorneys interested in patent, trademark, copyright, trade secret and other laws protecting intellectual property rights. The AIPLA membership includes attorneys in private practice and attorneys employed by corporations, universities and government.

The AIPLA has no views on the private interests of the involved parties and files this Brief in the belief that certiorari should be granted because of a need for clear interpretation of the effect, if any, on a license for a term of years extending beyond the expiration date of a patent, where the license was entered into at a

time prior to either the filing of a patent application or the grant of a patent.

II. OPINIONS BELOW

This Brief adopts the Petitioners' (Boggild et al) statement of the "Opinions Below" (Petitioners' Brief at pp. 1-2).

III. JURISDICTION

This Brief adopts the Petitioners' statement of "Jurisdiction" (Petitioners' Brief at p. 2).

IV. CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

This Brief adopts the Petitioners' statement of "Constitutional Provisions

and Statutes Involved" (Petitioners' Brief at p. 2).

V. STATEMENT OF THE CASE

This Brief adopts Petitioner's "Statement Of The Case" further noting that the enumerated items of Article V of the subject license (Petitioners' Brief at p. 5) constitute what is commonly referred to in technology contracts as "technical know-how", which exists separate and apart from either a patent grant on the subject invention, or from any contemplation of the filing of a patent application on the subject invention.

VI. REASONS FOR GRANTING THE WRIT

This case presents an important question concerning the relationship between the Federal Patent Laws and the rights of the States to regulate commerce in technology that might have the potential of being subject to the Patent Laws. The Sixth Circuit's decision fails to appreciate fully this relationship and misconstrues this Court's prior precedent in Brulotte v. Thys Co., 379 U.S. 29 (1964), and Aronson v. Quick Point Pencil Company, 440 U.S. 257 (1979), in a manner contrary to the policy objectives embodied in the Constitution, Article I, Section 8, Clause 8, and in the implementing Patent Laws of Title 35, U.S. Code. The Sixth Circuit's decision

incorrectly imposes a limitation on a license for technology, particularly its agreed-to-term, to the effect that no matter what the underlying contractual consideration, the license term must end upon the expiration of any related patent, if it was in any way contemplated to file an application for patent at the time of entering into the license agreement. This Court has never so ruled.

This case presents a set of facts that clearly illustrate the error of the Sixth Circuit's ruling. In this regard, the parties entered into an agreement for a license for 25 years at a time when no patent or patent application for the subject technology existed. The agreement provided to the licensee immediate access to that technology

including substantial know-how. The licensee also received the right to make, use and sell the technology. Under these facts, without more, neither the Sixth Circuit nor the licensee has suggested that the contract was in any way illegal in providing for a twenty-five year term.

Instead, the entire basis for the Sixth Circuit's decision appears to reside in the additional fact that the parties also agreed that patent applications on the technology would be filed at a subsequent time. (Article II). The parties clearly understood that the subsequent filing of patent applications would confer no patent rights and expressly provided (at Article VI(g)) for the contingency that no patent would ever issue on those

patent applications, by providing a continuance of the royalty

> regardless of whether or not the filing of the patent applications contemplated in Article II hereof results in the issuance of a patent or patents.

Furthermore, the parties agreed (at Article XIII(d)) that the twenty-five year period would not be shortened in the event the patents did issue, by providing that the license

> ...shall run to the full end of the term or terms of any Letters Patent that may issue on or as a result of the application or applications referred to in Article II hereof, or for a period of 25 years, whichever is longer, and shall thereupon terminate.

Nevertheless, in the face of this record, the Sixth Circuit held that the parties' contemplation of the filing of

patent applications and the possible grant of patents thereon constituted "leveraging" of the patent, and hence a per se[2/] violation under this Court's precedent in Brulotte. In so doing, the Sixth Circuit also misconstrued this

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2/ It is noted that this Court has recently taken a cautious view of what constitutes a per se violation of the antitrust laws where patent "tying" agreements exist, observing that

> ...the per se label in the tying context has generated more confusion that coherent law...

Jefferson Parish Hospital District No. 2 v. Hyde, 446 U.S. 2, 104 S.Ct. 1551, 1570 (1984). Four Justices (O'Connor, Burger, Powell and Rehnquist) urged in a concurring opinion that a "rule of reason" inquiry would be more appropriate. Presumably, this Court might have a similar attitude concerning the Sixth Circuit's application of the per se rule in the context of the facts of this case.

Court's precedent in Aronson, which expressly recognizes that a license agreement may extend beyond the term of a patent, if the extended term covers the technology agreement apart from the patent rights.3/

Clearly, the practical consequences of the Sixth Circuit's interpretation of Brulotte and Aronson would be that any time private parties contract for

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3/ Implicit in the Sixth Circuit's decision is a recognition of its uncertainty in the applicability of these two cases to the instant facts:

> ...Thus, the [Supreme] Court [in Aronson] would presumably have applied Brulotte to a "hybrid" agreement embodying rights conferred under both state law and the federal patent law.

(Brulotte, 379 U.S. at 29 n. 5 (emphasis added)).

technology and a patent application is contemplated (which it virtually always is), patent leveraging has occurred and a per se violation exists if the agreed-to-time period exceeds the expiration of some yet to be defined patent.

Most fundamentally, under the facts of this case, this conclusion must be rejected. A patent application confers no legal rights whatsoever. Gayler et al v. Wilder, 51 U.S. (10 How.) 477, 13 L.Ed. 504 (1850). The application represents an "inchoate right...which ...may [be] perfect[ed]" upon issuance of the patent. Id. Indeed, a patent may never issue, or may not issue until 15 or 20 years later (e.g., the Eniac computer patent). As such, the mere contemplation of a patent application cannot, as a matter of law, constitute

patent leveraging--for, there is nothing to be leveraged. Id. Similarly, even if a patent application is not contemplated, the decision of the Sixth Circuit would impose a 17-year time limit to a license agreement if the licensor decides, after-the-fact, to file a patent application. This result is contrary to the Constitutional predicate to the Patent Laws and this Court's opinions in Brulotte and Aronson.

Further, under the facts here, after expiration of the last patent on the subject technology, the public was free to make, use and sell the technology. 35 U.S.C. §154. Only the licensee thereafter would be required to pay royalties, and such requirement was agreed to for the valuable consideration

of early access to the technology, and the transfer of technical know-how. Clearly then, the public in no way would have suffered had the Sixth Circuit upheld the license agreement.

It should be noted that an inventor has the right to forego completely Federal protection for his invention and exploit it commercially under state trade secret law. Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 (1977). Under such a scenario, the licensor could have properly licensed the licensee, absent contemplated patent rights, for 25 (or more) years. This perspective must be maintained when considering whether the mere fact that a patent application might issue into a patent grant, should be a

per se violation under Brulotte.

Clearly, it should not.

VII. CONCLUSION

For the reasons stated, it is respectfully submitted that the petition for a writ of certiorari should be granted.

Respectfully submitted,

American Intellectual
Property Law Association

By _____

R.V. Lupo
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Its Attorneys

Dated: April 21, 1986